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SUBJECT: PROGRESS ON USAID-SPONSORED FEWSNET IN DJIBOUTI

11. (U) Ambassador and USAID Director met June 10 with hosts of the USAID-sponsored Famine Early Warning System Network (FEWSNET) in Djibouti, at FEWSNET offices. FEWSNET's goal is to strengthen the ability of Djibouti to manage the risk of food insecurity, through timely and analytical early warning and vulnerability information. USAID has granted development contractor Chemonics USD 1 million to set up a FEWSNET office in Djibouti to monitor and predict food access for one year. The project was formally launched in March 2004. To date, FEWSNET has conducted two studies: an Urban Livelihood Baseline and a Rural Livelihood Baseline survey. To undertake these studies, FEWSNET engaged experts worldwide.

12. (U) Major findings of its Urban Livelihood Baseline Study indicate that:

-- Most food purchased in Djibouti is not grown locally;
-- Approximately 60 percent of the population in the poorer parts of the city of Djibouti live on less than USD 1 per day;
-- The main source of income for the very poor and poor are casual labor, petty trade, and pensions;
-- Besides food, water, kerosene and education are other significant expenditures for the populace. Doubling the price of kerosene will significantly reduce food purchasing power of the very poor by 10 percent;
-- Most of the very poor that chew qat receive it as a gift;
-- Households are vulnerable to increases in prices for imported food commodities, changes in government policy that affects salaries, pensions, and cost of non-food items and migration into the city. Variations in the activity at the Port and the construction sector that affects casual labor also affect the poor households;
-- Recent price increases are undermining urban food security, which is likely to result in a decline in food access for the very poor, and food intake of the very poor has probably been below minimum international standards since last February, 2004;
-- In urban settings, most food is purchased and levels of income and patterns of expenditure are critical to food availability to all households.

13. (U) FEWSNET holds that urban food security could be improved through reduced taxes for importing staple foods, monetization of food to stabilize market prices, extension of school feeding programs to poor urban neighborhoods and increase in government subsidies of the cost of education. In Djibouti, FEWSNET found that there are significant hidden costs associated with education. Sending one child to middle school requires an expenditure of 10 percent of the income of the very poor and sending a child to secondary school is beyond the means of most very poor households.

14. (U) Major findings of the Rural Baseline Study indicate that:

-- People in the Central Pastoral Zone of Djibouti are most dependent on remittance income from the city of Djibouti;
-- People in the Southeast Roadside Zone are dependent on the sale of milk, wood, fruits and vegetables to Djibouti city.

15. (U) FEWSNET will monitor government policies, activities in the port and construction sectors, livestock and crop production, surrounding countries supplying Djibouti with produce and movements in the cost of the expenditure basket of different wealth groups in Djibouti in its effort to monitor and predict food access. FEWSNET expects to disseminate accurate and timely early warning information, improve decision-making and response planning, strengthen country and regional networks and strengthen capacities through training.

RAGSDALE